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ABSTRACT

Designed to provide the Washington State Legislature with information for use in making future legislative determinations concerning selected community college issues, this report presents information on the state's community colleges including policies on annual leave, allocation of resources, and salary increments. Part I outlines the scope and objectives of the report. Part II provides a report summary in the areas of leave policies, resource allocation, and salary increases. Part III reviews annual leave policies for administrators in all of the state's community colleges and includes an examination of compliance with statutes and legislative intent in the area of leave policies. This section includes a review of the relevant statutes, results of a survey of college policies, a comparison with other state agencies' policies, conclusions, and recommendations. Part IV examines and evaluates the allocation of fiscal resources at five sample colleges: Bellevue; Clark; Fort Steilacoom; Highline; and Shoreline. This part includes a breakdown of expenditures by instructional and service area, conclusions, and recommendations. Part V examines salary increments at the five sample colleges to determine whether salary increases have been made in accordance with legislative intent. Appendices include a summary of recommendations, an examination of the fiscal impact of placing a limitation on the accumulation of annual leave, and agency comments. (HB)

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STATE OF WASHINGTON
LEGISLATIVE BUDGET COMMITTEE
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SELECTED ISSUES RELATING TO COMMUNITY COLLEGES

Report No. 84-5

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A Report to the

WASHINGTON STATE LEGISLATURE

August, 1984

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FOREWORD

This study was conducted by the Legislative Budget Committee under the provisions of RCW 44.28.085 and RCW 44.28.086. These statutes provide that the Legislative Budget Committee shall conduct management surveys of public agencies, including comprehensive performance audits to ensure that agency programs are being conducted in accordance with legislative intent and established program goals and objectives.

The purpose of this study is to provide the Legislature, its members, and appropriate standing committees with information for use in making future legislative determinations concerning selected community college issues. In accomplishing the study, a review was made of information and data provided by individual community colleges, the State Board for Community College Education, and the Office of Financial Management. Part III of the report (on annual leave policies) deals with all community colleges; and Parts IV and V (on allocation of resources and salary increases, respectively) pertain to a sample of five colleges. The sample was based on comparability of size, enrollment, and budget.

This review was conducted by Ronald Perry, Principal Management Auditor, on the staff of the Legislative Budget Committee. Most of the audit work occurred between November, 1983 and May, 1984. Budget data cover fiscal years 1980 to 1983. Other information, such as the survey on annual leave policies, was current in January, 1984.

DONALD F. PETERSEN
Legislative Auditor

Approved for distribution by the
Legislative Budget Committee
on August 17, 1984.

SENATOR JIM McDERMOTT
Chairman

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PART I: SCOPE AND OBJECTIVES

SCOPE: To review and evaluate the policies and practices of community colleges relative to specific selected issues.

Objectives one and four will involve the full community college system. Objectives two and three pertain to a sample of five colleges. The sample will consist of the following colleges: Ft. Steilacoom, Clark, Bellevue, Highline, and Shoreline.

OBJECTIVES:

1. To examine the annual leave policies and practices for administrative personnel at all the colleges;

2. To examine and evaluate the allocation of fiscal resources at the five colleges;

3. To determine whether salary increments have been made in accordance with legislative intent; and,

4. To make appropriate recommendations to increase the economy, efficiency, and effectiveness of community colleges.

PART II: SUMMARY

This report deals with three issues relating to community colleges:

1. Annual leave policies for exempt administrators
2. The allocation of resources (at a sample of five colleges), and
3. Salary increases: whether they were given in a manner consistent with legislative intent.

Annual Leave Policies

The auditor surveyed all the community colleges, collecting information about each college's leave policies for administrative personnel. It was found that most colleges give their administrators about 22 days of annual leave a year. Although most colleges limit to 30 the number of days of leave that can be accumulated, many have a higher limit or provide exceptions to the limits.

In reviewing the leave policies, the auditor concluded that some policies needed to be more specific about the limits and uses of various types of leave. Also, it was felt that the individual policies should cite the statutory authority upon which they are based.

The report recommends that the colleges make their leave policies more specific, refer to the statute on which the policy is based, and limit the accumulation of annual leave to no more than 30 days.

Allocation of Resources

A sample of five community colleges were used for this analysis: Bellevue, Clark, Fort Steilacoom, Highline, and Shoreline. Data showing program expenditures at each college for four fiscal years (FY 1980 through FY 1983) are displayed in the report. Of particular interest is the range in the expenditures per FTE student, particularly in the instructional area.

Although local and program differences may account for the wide range in unit expenditures, the report recommends that the State Board for Community College Education review its allocation model to insure that the distribution of instructional funding is consistent and equitable.

Salary Increases

In examining the salary increases given to community college personnel, this review used the same sample of five colleges. Each of the five colleges was asked to provide information about the salary increase (or improvement) given on July 1, 1983. The data on the increases relate to three types of employees: exempt administrators, full-time faculty, and part-time (or hourly) faculty. Information about the total amount of salary dollars and the distribution of those dollars among the three types of employees is displayed in the report.

The report concludes that the salary improvements were given in a manner consistent with legislative intent. This conclusion has been verified for exempt staff but not for faculty.

PART III: ANNUAL LEAVE POLICIES FOR ADMINISTRATORS

A. COMPLIANCE WITH STATUTES AND LEGISLATIVE INTENT

1. Review of Statutes

Under the provisions of RCW 43.01.042, state institutions of higher learning are given the authority to set their own rules and regulations governing vacation leave for academic and professional personnel. This statute is interpreted as permitting an exception to laws governing vacation leave for state employees.

The general statutory provisions for annual leave for state employees are found in RCW 43.011.040. The latter statute grants one day of vacation leave for each month of employment, plus so-called "bonus" days based on length of service. Further, state employees, under RCW 43.01.044 (enacted last year), may accumulate more than 30 days annual leave, but must use the excess leave before their anniversary date or forfeit the amount over 30.

An opinion of the Attorney General (AGO 1979 No.12) concluded that RCW 43.01.042 gives colleges and universities the authority to promulgate annual leave policies that are different from those for state employees (RCW 43.01.040). It also stated that if an institution does not promulgate a policy, then the provisions of RCW 43.01.040 apply.

It is unlikely that community colleges would not adopt a policy, because RCW 28B.50.551 requires:

> **The board of trustees of each community college district shall adopt for each community college under its jurisdiction written policies on granting leaves to employees of the district and those colleges, including but not limited to leaves for attendance at official or private institutions and conferences; professional leaves for personnel consistent with the provisions of RCW 28B.10.650; leaves for illness, injury, bereavement and emergencies, and except as otherwise in this section provided, all with such compensation as the board of trustees may prescribe, except that the board shall grant to all such persons leave with full compensation for illness, injury, bereavement and emergencies. . . .**

The laws governing annual leave for community college personnel give broad authority to each college to set its own policies. There are no special provisions in the law just for administrative personnel.

It was found that the community colleges leave policies are typical of those found in the education community, both in institutions of higher learning and in local school districts. In fact, many of the leave policies came from policies that existed in the school districts at the time the colleges became state agencies in 1967. When the policies of the community colleges are compared to those of other education agencies, there are a great number of similarities.

2. LBC Survey of Colleges' Policies

In the early stages of this review, the auditor made two important findings. Few of the colleges' policies on annual leave for administrators were promulgated in the Washington Administrative Code. Also, one college, Fort Steilacoom Community College, had given its former president more annual leave than board policy permitted.

Because the Committee expressed an interest in knowing more about the subject, the audit staff undertook a survey of annual leave policies for community college administrators. Each community college (or district) was asked to provide a copy of its official policy on annual leave for all administrative personnel. The survey also asked whether the college president or other administrators received more or less leave than the official policy allows. Any additional leave given as compensation or as a benefit was to have been included in the calculation of the total number of days of annual leave.

The results of the survey are shown on the next page in Exhibit 1.

Note that two of the colleges, Peninsula and Seattle, do not grant annual leave. Instead, administrators hold contracts for a certain number

EXHIBIT 1

COMMUNITY COLLEGES
ANNUAL LEAVE POLICIES FOR ADMINISTRATIVE PERSONNEL

COLLEGE	DAYS/YR (MAX.)	EXCEPTIONS ALLOWED? (Y/N)	ACCRUAL LIMIT	EXCEPTIONS ALLOWED? (Y/N)	IF "YES", IS THERE A LIMIT?/COMMENTS
01 PENINSULA *	24	N	**	N	** Comp. time may accumulate, but lapses at end of calendar year
02 GRAYS HARBOR	23	N	46	N	
03 OLYMPIC	24	N	36	N	Mid mgt. not allowed to accrue leave; president may grant "special leave" with pay
04 SKAGIT VALLEY	22	N	30	Y	40 days
05 EVERETT	24	N	30	Y	None
06 SEATTLE *	24	N	44	N	Up to 22 days carryforward credit for 6 months; more than 22 days require permission. Cash out limit is 44 days
07 SHORELINE	22	N	60	Y	No terminal leave pay over 30 days
08 BELLEVUE	22	N	30	Y	Use excess by anniversary date
09 HIGHLINE	24	N	30	Y	None
10 GREEN RIVER	24	N	30	Y	Extension by president
11 FT. STEILACOOM	22	N	45	Y	None, but college will not pay for more than 45 days; College also allows 6 days personal leave per year
12 CENTRALIA/OTCC	22	N	60	Y	Extension by president
13 LOWER COLUMBIA	27	N	57	Y	Use excess over 30 by anniv. date unless approved by pres.
14 CLARK	30	N	30	Y	30 days, but college will not pay for more than 30 days
15 WENATCHEE VALLEY	22	N	22	N	
16 YAKIMA VALLEY	24	N	30	N	
17 SPOKANE	22	N	60	N	
18 BIG BEND	25	N	30	N	Use excess by anniversary date
19 COLUMBIA BASIN	21	N	30	N	
20 WALLA WALLA	22	N	22	Y	1 yr. extension by president
21 WHATCOM	22	N	30	N	
22 TACOMA	22	N	30	Y	None; Administrators entitled to as much as 5 days personal leave per year and 2 months rejuvenation leave
23 EDMONDS	24	N	30	Y	None
count	23		23		
average	23		35.3		
**********					

* College does not grant annual leave.
Data represent an equivalent.

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of days each year. For the sake of comparison, those contracts have been converted into the equivalent of annual leave.

As Exhibit 1 illustrates, each college has its own individual policy. Few are exactly identical. The maximum number of days of annual leave ranges from 21 at Columbia Basin to a high of 30 at Clark. Similarly, there is range in the amount of leave that can be accumulated: from a low of 22 to a high of 60. And in many cases, the accrual limit may be extended, usually by the college's president. Only a few of the colleges that allow 60 days to be accrued also limit the number of days that will be compensated upon termination.

The last column shows that there are special exceptions to the various leave policies and that there are also other types of compensated leave.

For example, Olympic Community College has a "special leave" which the president can grant. It does not have a limit. Tacoma Community College has a policy for "rejuvenation leave."

Some of the colleges have types of leave that have the same name but are in fact different. For example, Tacoma Community College's policies provide for "personal leave" which can be used only in case of illness, injury, bereavement, and emergencies. Fort Steilacoom Community College grants its administrators 6 days of personal leave per year, but the policy puts no restriction on the use of that leave.

3. Comparison of Systems

As the data compiled from the survey show, the community colleges generally grant administrators an average of 23 days of vacation leave per year. Many campuses allow administrators to accumulate more than 30 days of annual leave, and at some institutions, if exceptions are permitted, there is no absolute limit.

a. Civil service

The colleges' policies on the amount of leave and the accumulation of leave contrast sharply with the policies for state employees.

Chapter 43.01 RCW establishes the policy for state employees. The Washington Administrative Code (WAC 356-18-090, Department of Personnel) further specifies the amount of annual leave according to the following scale:

Nbr. of yrs. of service	Days of annual leave
1	12
2	13
3-4	14
5-7	15
8-10	16
11-13	17
14-16	18
17-19	19
20-22	20
23-25	21
26 and above	22

Furthermore, according to RCW 43.01.044 cited previously, a state employee may accumulate vacation leave beyond thirty days. There are two important restrictions on that accrual: 1) If the amount of excess over 30 is not used by the employee's anniversary date, the surplus "shall be automatically extinguished and considered to have never existed;" and 2) Excess leave does not apply to an employee's retirement entitlement.

In order for a state employee to earn as much annual leave as a community college administrator, he/she would have to work for the state at least 26 years. No state employees are given as much annual leave as some colleges grant. In almost every case, community college administrators receive the maximum amount of leave beginning with their first year of service. One exception is Lower Columbia, whose administrators begin with 22 days of annual leave and reach the maximum of 27 after 10 years of service.

Many of the community colleges' administrators may "balloon" their retirement entitlement by accumulating more than 30 days of leave. State employees follow a 30 day limit.

b. Other Education Agencies

When one compares the community colleges' leave policies to those of other education agencies (such as four-year universities and local school districts), one can find a great deal of similarities. As noted before, many of the colleges' policies originated with the school districts from which they evolved.

Community college officials contend that college leave policies are similar to those at other colleges. Changing the policies to conform to the state civil service system, it is said, would put the colleges at a competitive disadvantage when recruiting staff from the education community.

4. Conclusions

The annual leave policies of the community colleges are quite varied. This is not particularly surprising, because the Legislature has given the colleges broad authority to make their own policies. Having reviewed all the policies, the auditor concludes that some of the colleges need to make their policies more specific regarding the limits on accumulated leave, the granting of exceptions, and the use of some of the other types of compensated leave (e.g., personal). It would be helpful, too, if the individual policies cited the statutory authority supporting its provisions.

Obviously the colleges' annual leave policies for administrators are not exactly the same, especially in regard to the accumulation of leave. Because the duties of the administrators do not differ significantly from campus to campus, there appears to be no logical reason why the policies should vary as much as they do. Rather, the differences occurred because of historical reasons and because the Legislature gave the colleges' trustees the authority to set whatever policies they wished for their respective campuses.

The Legislature has permitted a double standard on annual leave. Regular state employees and college administrators are subject to completely different leave schedules and policies. The specific dissimilarities have been described in the previous sections of this report.

The auditor believes that there should be some revisions in the leave policies for community college administrators. Specifically, colleges should adopt an absolute limit on the accumulation of annual leave, similar to the provisions in RCW 43.01.044. Legislation passed by the Legislature in 1983 ought to encourage colleges to limit accrued leave. Substitute House Bill 843 states that the additional costs of retirement pensions due to leave accumulated by a person in excess of 30 days at the time of retirement will be charged back to the institution. Exhibit 1 shows that many colleges already limit accumulations to 30 days. The auditor feels that a recommendation is appropriate in order to emphasize the intent of SHB 843.

5. Recommendations

The following recommendations are suggested:

RECOMMENDATION 1

It is recommended that the community colleges work with the State Board for Community College Education to make modifications in their leave policies for administrators. Specifically, the colleges should

A. Review their leave policies to determine whether the limits on, exceptions to, and uses of leave are clearly defined;

B. Review their leave policies to see that the policies clearly indicate the statutory authority upon which the leave is granted; and,

C. Place the same limits on the accumulation of annual leave as those contained in RCW 43.01.044.

PART IV: ALLOCATION OF RESOURCES

A. FINDINGS

This part of the report deals with the expenditures of a sample of five colleges. The five colleges examined were Bellevue, Clark, Fort Steilacoom, Highline, and Shoreline. The data cover the four previous fiscal years (1980, 1981, 1982, and 1983) and come from the Academic Year Reports published annually by the State Board for Community College Education (SBCCE).

For the sake of analysis, the expenditures were classified by budget program object, using the standard budget categories. Instead of representing total dollar figures, the data are shown in terms of dollars per FTE student. It is felt that these unit expenditures provide a better basis for making comparisons among the five institutions.

The expenditures are shown in Exhibit 2 on the following page.

Within an institution, the proportion of money expended in the various programs does not change much from year to year. For example, Bellevue spends about 53 percent of its budget on instruction, and Shoreline devotes about 11 percent of its budget to Institutional Support.

However, if one makes interinstitutional comparisons, the differences can sometimes be quite large. For example, in the area of instruction, the percentage of total expenditure varied as much as 11.6 percent. Fort Steilacoom's unit expenditure for instruction is lower than the average of the five colleges and an average of $387/FTE student less than Shoreline, the college with the highest expenditure for instruction. In total dollars, the difference in the average annual expenditure for instruction is $1.9 million.

In the area of primary support and institutional support, Fort Steilacoom expends proportionally more than the other institutions.

When one looks solely at instruction, the data can get tricky. In Exhibit 3 which follows on page 13, one can see both the total budget dollars for instruction and the dollars per FTE student. Although total dollars can drop from one year to the next, the dollars per FTE student can increase. The other variable,

Exhibit 2

COMMUNITY COLLEGE BUDGETS, FY 1980-FY 1983
STATE AND LOCAL FUNDS ONLY

COLLEGE/ FISCAL YEAR	INSTRUCTION (01)	PRIMARY SUPPORT (04)	LIBRARIES (05)	STUDENT SERVICES (06)	INSTITUTIONAL SUPPORT (08)	PLANT O & M (09)	TOTAL
BELLEVUE							
1980	$977.90	$41.61	$103.20	$204.40	$214.88	$212.68	$1,754.66
1981	$1,092.04	$66.12	$117.17	$225.15	$257.17	$250.00	$2,007.64
1982	$1,160.13	$48.93	$118.39	$233.28	$277.12	$211.63	$2,049.47
1983	$1,343.06	$67.49	$126.46	$254.05	$365.03	$254.83	$2,408.92
CLARK							
1980	$896.41	$96.61	$77.12	$132.59	$257.51	$176.54	$1,636.77
1981	$909.78	$81.82	$68.26	$130.48	$250.65	$183.92	$1,624.92
1982	$1,045.66	$118.84	$98.64	$172.39	$286.94	$222.61	$1,945.08
1983	$1,475.07	$94.40	$98.43	$177.92	$336.31	$269.92	$2,452.05
FSCC							
1980	$811.06	$125.85	$83.31	$146.69	$242.55	$151.55	$1,563.97
1981	$785.83	$126.48	$88.36	$153.50	$263.96	$160.27	$1,583.41
1982	$957.24	$128.78	$105.60	$205.19	$289.94	$202.06	$1,890.06
1983	$972.87	$147.13	$109.83	$225.35	$322.78	$220.27	$2,000.10
HIGHLINE							
1980	$964.81	$38.58	$81.88	$182.76	$232.70	$206.46	$1,707.20
1981	$982.08	$57.94	$89.58	$198.06	$238.27	$208.35	$1,774.28
1982	$1,027.44	$79.23	$88.80	$215.91	$277.41	$235.80	$1,924.58
1983	$1,207.65	$22.03	$106.56	$228.97	$311.54	$288.99	$2,165.74
SHORELINE							
1980	$1,170.88	$24.19	$104.77	$168.21	$207.36	$166.53	$1,841.94
1981	$1,167.79	$31.73	$108.65	$181.81	$212.72	$183.02	$1,885.71
1982	$1,321.92	$38.72	$121.98	$205.64	$233.95	$224.06	$2,146.28
1983	$1,414.58	$53.97	$135.10	$214.26	$272.55	$256.46	$2,348.93
TOTAL							
1980	$4,821.05	$326.83	$450.28	$834.64	$1,155.00	$913.76	$8,304.53
1981	$4,937.52	$364.09	$472.02	$889.01	$1,222.76	$985.56	$8,875.97
1982	$5,512.40	$414.49	$533.42	$1,032.42	$1,365.35	$1,096.15	$9,955.48
1983	$6,413.23	$387.00	$576.39	$1,100.55	$1,606.21	$1,290.47	$11,375.73
Ave.1980	$964.21	$65.37	$90.06	$166.93	$231.00	$182.75	$1,700.91
Ave.1981	$987.50	$72.82	$94.40	$177.80	$244.55	$197.11	$1,775.19
Ave.1982	$1,102.48	$82.90	$106.68	$206.48	$273.07	$219.23	$1,991.10
Ave.1983	$1,282.65	$77.40	$115.28	$220.11	$321.24	$258.09	$2,275.15

Exhibit 3

COMMUNITY COLLEGE BUDGETS FOR INSTRUCTION (01), FY 1980-FY 1983
IN TOTAL DOLLARS, DOLLARS PER FTE STUDENT, AND PERCENT CHANGE

COLLEGE/ FISCAL YEAR	Total Dollars	Pct. Change	Dollars per FTE Student	Pct. Change	FTE Students	Pct. Change
BELLEVUE						
1980	$4,248,973.00		$977.90		4,345	
1981	$4,565,821.00	7.46	$1,092.04	11.67	4,181	-3.77
1982	$4,697,377.00	2.88	$1,160.13	6.24	4,049	-3.16
1983	$5,088,848.00	8.33	$1,343.06	15.77	3,789	-6.42
CLARK						
1980	$4,477,564.00		$896.41		4,995	
1981	$5,025,642.00	12.24	$909.78	1.49	5,524	10.59
1982	$4,913,561.00	-2.23	$1,045.66	14.94	4,699	-14.93
1983	$5,912,097.00	20.32	$1,475.07	41.07	4,008	-14.71
FSCC						
1980	$3,815,223.00		$811.06		4,704	
1981	$3,778,267.00	-0.97	$785.83	-3.11	4,808	2.21
1982	$3,834,707.00	1.49	$957.24	21.81	4,006	-16.68
1983	$3,908,986.00	1.94	$972.87	1.63	4,018	0.30
HIGHLINE						
1980	$4,905,076.00		$964.81		5,084	
1981	$5,254,108.00	7.12	$982.08	1.79	5,350	5.23
1982	$5,081,715.00	-3.28	$1,027.44	4.62	4,946	-7.55
1983	$5,570,871.00	9.63	$1,207.65	17.54	4,613	-6.73
SHORELINE						
1980	$5,562,829.00		$1,170.88		4,751	
1981	$5,704,643.00	2.55	$1,167.79	-0.26	4,885	2.82
1982	$5,946,010.00	4.23	$1,321.92	13.20	4,498	-7.92
1983	$5,888,891.00	-0.96	$1,414.58	7.01	4,163	-7.45
TOTAL						
1980	$23,009,665.00		$4,821.05		23,879	
1981	$24,328,481.00	5.73	$4,937.52	2.42	24,748	3.64
1982	$24,473,370.00	0.60	$5,512.40	11.64	22,198	-10.30
1983	$26,369,693.00	7.75	$6,413.23	16.34	20,591	-7.24
Ave.1980	$4,601,933.00		$964.21		4,776	
Ave.1981	$4,865,696.20	5.73	$987.50	2.42	4,950	3.64
Ave.1982	$4,894,674.00	0.60	$1,102.48	11.64	4,440	-10.30
Ave.1983	$5,273,938.60	7.75	$1,282.65	16.34	4,118	-7.24

of course, is student enrollment. In the case of Clark College, for example, there is a two percent decline in total instructional dollars for FY 1982. In that same year, FTE student enrollment dropped 15 percent. In the following year, FY 1983, total instructional dollars increased, but unit expenditures went up disproportionately. The latter was due to another 15 percent decrease in FTE student enrollment.

B. CONCLUSIONS

It is not easy to explain why the five community colleges have allocated their resources differently. One would have expected the expenditures for instruction to be more consistent among the campuses. The five schools are similar in size and total budget, yet the distribution of expenditures within the total budget can vary considerably, particularly in the instructional area. Part of this can be explained by the differences in labor costs, i.e., colleges have different salary schedules. A closer look at the funding mechanism is needed to see if there should be some fine tuning.

The individual community colleges have the authority to establish their own budgets, but this practice might have led to some inequities in funding instruction. The auditor believes that the State Board for Community College Education should re-examine its allocation formulas. It should determine if changes or adjustments are required in order to insure that instructional funding is more consistent and equitable among the colleges.

Recently the Legislature began to fund (direct) instruction at the community colleges on a unit basis, using a minimum (system) average per student, per year. The current minimum average is $1,400 per academic year, averaged for the biennium. This method of funding should help to insure that the instructional component receives enough resources systemwide.

C. RECOMMENDATION

RECOMMENDATION 2

It is recommended that State Board for Community College review the formulas by which allocations are made to the community colleges in order to insure that the funding of instruction is consistent and equitable among the colleges.

PART V: SALARY INCREMENTS

This portion of the report deals with audit objective number three: to determine whether salary increases have been made in accordance with legislative intent. This report focuses upon the most recent salary increase granted on July 1, 1983.

A. FINDINGS

The five community colleges in the sample--Bellevue, Clark, Fort Steilacoom, Highline, and Shoreline--were asked to provide the LBC with information about the July 1, 1983 salary increase. All responded to the following set of questions:

1. What was the total amount of dollars available to your institution for salary improvements for the fiscal year beginning July 1, 1983?
2. How did you distribute your fiscal year 1983-84 salary improvement dollars? Specifically,
   a. What percent of the total available dollars did administrators receive?
   b. What percent of the total available dollars did full time faculty receive?
   c. What percent of the total available dollars did hourly faculty receive?
3. In 1983-84, what was the average percentage salary improvement for each of the three groups in question number 2? Specifically,
   a. What was the average percentage salary increase for administrators?
   b. What was the average percentage salary increase for full time faculty?
   c. What was the average percentage salary increase for hourly faculty?

The responses given by the five colleges are shown on the next page in Exhibit 4.

Exhibit 4

Five Community Colleges
Distribution of July 1, 1983 Salary Improvement

	Bellevue	Clark	FSCC	Highline	Shoreline
Total Dollars	$465,000	$314,335	$222,938	$348,965	$366,135
Distribution:					
% Admin.	11.5%	17.0%	13.7%	13.0%	17.3%
% FT Fac.	45.0%	66.9%	74.8%	66.0%	69.3%
% PT Fac.	11.2%	16.0%	11.5%	20.0%	13.4%
Average Percentage Improvement:					
Admin.	7.0%	6.7%	6.4%	7.0%	7.0%
FT Fac.	7.1%	7.1%	7.9%	7.0%	7.0%
PT Fac.	7.0%	7.0%	5.0%	7.0%	7.0%

The colleges may distribute the salary improvement dollars as they like, however the State Board provides guidelines for making the calculations. In the case of the 1983 increase, State Board staff advised the colleges that the Legislature had authorized an average increase of seven percent for exempt staff and faculty. The information provided by the five colleges show that the improvements actually awarded at those institutions were within the limits intended by the Legislature.

An attempt has been made to verify some of the data in Exhibit 3. Using data provided by the Higher Education Payroll/-Personnel System (HEPPS) maintained by the Office of Financial Management, the auditor concentrated on the salary improve-

ments given to exempt staff. It was found that the increases for administrators as reported in Exhibit 3 were verified by the data in HEPPS. Because of time limitations, verification of the increases given to faculty was not possible.

B. Conclusions

The auditor concludes that salary increases given by the five subject community colleges on July 1, 1983 were consistent with legislative intent. This conclusion has been verified only for exempt administrative employees, but not for faculty.

APPENDIX I
SUMMARY OF RECOMMENDATIONS

	Implementation Date
RECOMMENDATION 1	
It is recommended that the community colleges work with the State Board for Community College Education to make modifications in their leave policies for administrators. Specifically, the colleges should	
A. Review their leave policies to determine whether the limits on, exceptions to, and uses of leave are clearly defined;	Jan. 1985
B. Review their leave policies to see that the policies clearly indicate the statutory authority upon which the leave is granted; and,	Jan. 1985
C. Place the same limits on the accumulation of annual leave as those contained in RCW 43.01.044.	Jan. 1985
RECOMMENDATION 2	
It is recommended that State Board for Community College review the formulas by which allocations are made to the community colleges in order to insure that the funding of instruction is consistent and equitable among the colleges.	Jan. 1985

APPENDIX II

PROPOSED LEGISLATION

(No legislation required.)

APPENDIX III

FISCAL IMPACT

It is felt that placing a firm limit of 30 days on the accumulation of annual leave by community college administrators (per Recommendation 1) will have a positive fiscal impact. The imposition of such a limit would reduce the size of a "cash out" when an employee terminates or retires. It might also have the effect of reducing the amount of pension dollars a retiree might claim by limiting the size of potential balloon payments. Because the actual accumulation of leave by individuals was not examined, the auditor cannot determine the exact proportions of the recommendation's fiscal impact. Suffice it to say that the results will be positive in nature.

APPENDIX IV

AGENCY COMMENTS

JOHN SPELLMAN
Governor

DR. JOHN N. TERREY
Executive Director

STATE OF WASHINGTON
STATE BOARD FOR COMMUNITY COLLEGE EDUCATION
319 Seventh Avenue, FF-11 • Olympia, Washington 98504 • (206) 753-2000 • (SCAN) 234-2000

RECEIVED
JUN 27 1984
LEGISLATIVE BUDGET COMM.

MEMORANDUM

June 26, 1984

TO: Donald F. Peterson, Legislative Auditor

FROM: John N. Terrey, Executive Director

SUBJECT: Response to Audit Recommendations

Pursuant to your June 21 letter, attached you will find the comments of this agency regarding the recommendations contained in the proposed final report entitled, "Selected Issues Relating to Community Colleges."

We have no further comments or recommendations; however, a representative from this office will attend the June 30 meeting to respond to any questions members of the committee may have.

JNT:AJB

Attachment

APPENDIX IV

Agency Comments

Recommendations	Agency Position	Comments
1	Partially concur	We agree that a review of annual leave policies by community college boards of trustees should occur, particularly in light of SHB 843 provisions regarding chargeback of pension costs due to excess compensation used in the pension benefit calculation. We further agree that the leave rules, similar to any rules, should clearly indicate the statutory authority upon which they are based. We do not agree with the recommendation that the college districts establish an absolute 30-day maximum on annual leave accumulation. The public policy on this issue has been in place for nearly 30 years in RCW 43.01.042, originally adopted in chapter 140, Laws of 1955. The auditor's recommendation seeks to have the colleges take a specific action that is unnecessary. A more appropriate action would be amending college district annual leave policies to ensure that no more than 30 days of compensation for unused annual leave would be reported to the Department of Retirement Systems for use in pension benefit calculations. That would eliminate the possibility of pension ballooning and chargebacks under the provisions of SHB 843. At the same time, it would preserve the colleges' ability to allow leave accrual in the manner most consistent with the demands of the duties assigned to top-level administrators.
2	Partially concur	We concur that the procedures for allocating resources among the community colleges should be under continual review to ensure the greatest possible accuracy and equity. We wish, however, to dispel the notion that uniformity in the dollar amount of allocations per student is a measure of equity.

Recommendations	Agency Position	Comments
2 contd.		The amount of resources which a district dedicates to a program area is determined by many factors which vary widely among districts. Most significant among these for the instructional area is the mix of educational programs offered. A district with a high percentage of vocational or high cost programs will clearly have to allocate more dollars than will a district with less expensive offerings. In addition, as the report indicates, differences in salary levels and in the ratio of full- and part-time faculty will also have an influence in establishing instructional allocations. Similar variables appear in other program areas which may account for wide differences among districts. The number and type of buildings at an institution will have a major impact on plant operation allocations. The wide differences in utility costs between eastern and western Washington are too well known to require explanation. Factors such as these, plus individual institutional priorities, produce wide differences in institutional allocations. Such differences may indicate an inequity, but more often reflect differences in operating circumstances and institutional budget priorities.
3	Concur	

FACTS ABOUT THE LEGISLATIVE BUDGET COMMITTEE

The Legislative Budget Committee, a statutory joint committee of the Legislature, is composed of eight Senators and eight Representatives equally divided between the two major political parties. It serves as a general purpose oversight arm of the Legislature. The Committee staff, headed by the Legislative Auditor, undertakes studies, surveys and performance audits concerning the economy, efficiency and effectiveness of State programs and agency operations. It may also examine whether appropriations have been expended in accordance with legislatuve intent. Assistance is also provided to House and Senate standing committees and to individual legislators in areas of Committee staff expertise. The Committee staff also conducts program and fiscal reviews of State agencies, programs or statutes scheduled for legislative review and possible termination under the Washington Sunset Act (Chapter 43.131 RCW).

The regular performance audits undertaken by the Committee staff include reviews of program goals and objectives of State agencies to determine how faithfully State agencies are conforming with legislative intent. These audits are intended to provide, for legislative review, objective analyses of the economy, efficiency and effectiveness of State agency and State program management.

The Legislative Budget Committee staff also monitors and reports on the use of consultants by State agencies and maintains a central control file of personal services contracts for legislative and public use. Spending from unanticipated Federal, State or local revenues by State agencies is also monitored by the Committee staff. A regular report of such spending is provided to the Committee and other interested parties.

Other oversight responsibilities assigned by the Legislature concern general fund revenue forecasts, educational clinics, salary survey plans, fiscal notes, the Washington Public Power Supply System and confidential motor vehicle plate use by public entities.

The Committee meets on a monthly basis during the interim period between legislative sessions, or more often when circumstances indicate the desirability or necessity of additional meetings. The Committee reports directly to the Legislature, making recommendations for legislative consideration and action.

ERIC Clearinghouse for Junior Colleges

AUG 2 1985